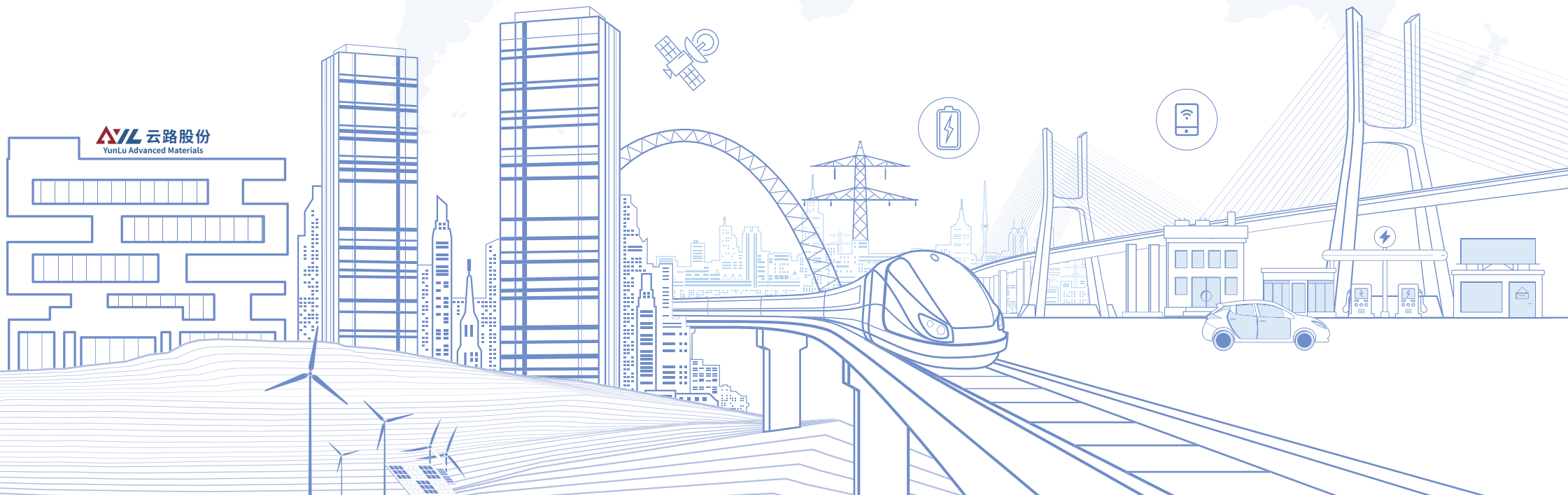


# 2024

## Environmental, Social and Governance (ESG) Report

Qingdao Yunlu Advanced Materials Technology Co., Ltd.

(hereinafter referred to as the Company) builds its corporate social responsibility development map based on the dual missions of science and technology and humanity. With advanced soft magnetic materials as the entry point, we promote the global energy low-carbon transformation, and use green products and industrial solutions to help green industrial ecology. With the technological accumulation of advanced materials, we will continue to strengthen the foundation of new energy, new intelligent manufacturing and other emerging industries in the future, and activate the core kinetic energy of the future economy. At the same time, the company has always taken “temperature” as the background color - from the diversified support for employee growth to the meticulous family care, building a workplace home full of a sense of belonging. More diversified social welfare practices to win the depth of trust from all walks of life.





## Amorphous materials enabling the global low-carbon transition: a dual-track approach to global green products and green industrial solutions

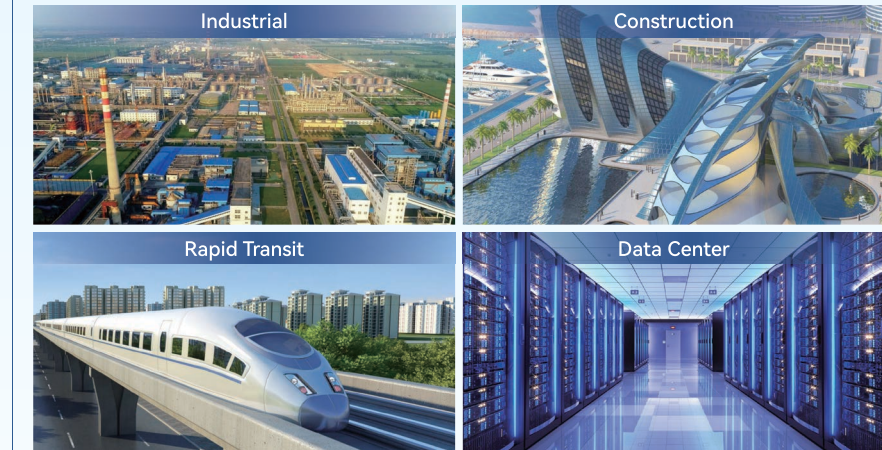
- The global low-carbon transition process is driving power infrastructure into a cycle of energy efficiency upgrades, with China incorporating distribution network upgrades into the construction requirements for new power systems, and the U.S. requiring material technology iterations with new standards for transformer energy efficiency.



In 2024, the Action Program for Accelerating the Construction of a New Type of Electric Power System (2024-2027) was issued, which specifies an action program for the high-quality development of distribution grids.

U.S. Department of Energy Adopts Updated Mandatory Energy Efficiency Standards for Distribution Transformers on April 4, 2024 for Implementation in 2029

- Lead the way in realizing the large-scale application of amorphous materials in the industrial field, construction field, rail transportation, data centers, etc., providing a new type of carbon reduction paradigm for green infrastructure.

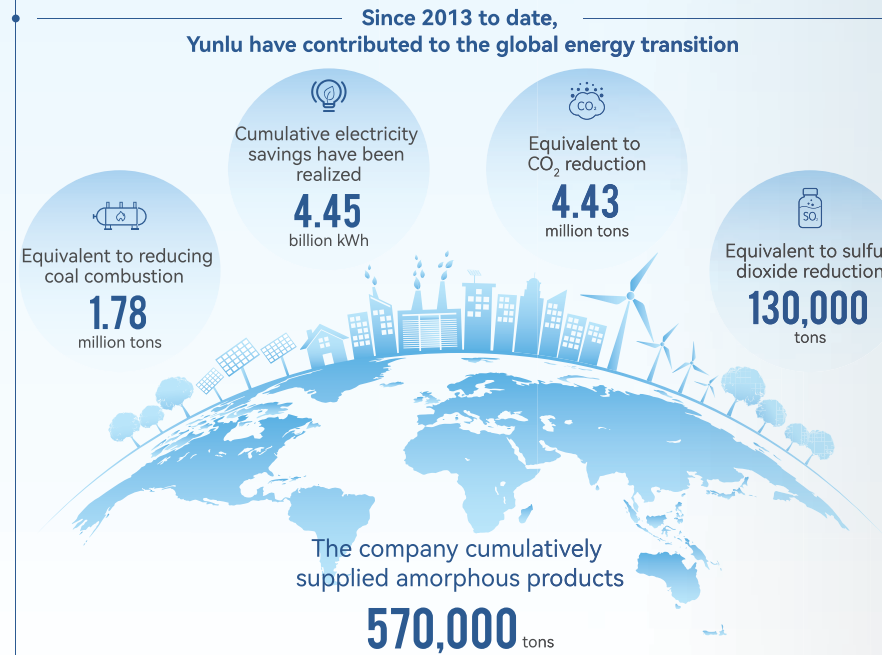


- The systematic export of green industrial solutions promotes the upgrading of global green industrial capacity and the sharing of "China's Smart Solutions".



- Sharing the fruits of China's green wisdom and transforming them into global emission reduction practices, and exporting advanced material solutions to countries along the "Belt and Road".

Countries currently covered **30+** Layout of overseas patents **>30**



## Advanced materials constitute the underlying technical support for emerging industries

- Advanced green and low-loss materials provide more advanced material solutions for new energy, body intelligence, computing power centers, and big science projects.





## Warmer Yunlu



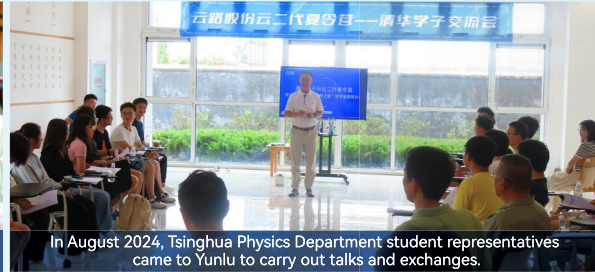
### Passing on the Fire to Build the Dream of Science



In July 2024, the Company organized a visit to Tsinghua University for the children of its employees



In July 2024, children of employees went into Tsinghua Physics Laboratory to study



In August 2024, Tsinghua Physics Department student representatives came to Yunlu to carry out talks and exchanges.

### Employee Development and Children's Education



Free English tutoring for employees' children



Free business English training for employees



Staff and children receive professional vocal training



### Occupational Health and Medical Resource Sharing



Experts from famous tertiary hospitals visit the company for medical consultation



Establishment of the Good Mothers Club, and a group of medical experts help to solve children's and elderly diseases online and offline consultation and other medical services

### Labor Union Warms the Heart of Families in Difficulty



The company's labor union visited families in difficulty and gave them livelihood assistance

### Rural Revitalization, Educational Support



Yunlu Advanced Materials - Dingxi Jichuan school district helping ceremony



Yunlu teaching team teaches children in Dingxi



Distributing scholarships and materials to sponsored children

### Yunlu Education Fund Sets Sail, Delivering Love and Dreams



Distribution of scholarships to the families of students receiving assistance at Yongan Elementary School



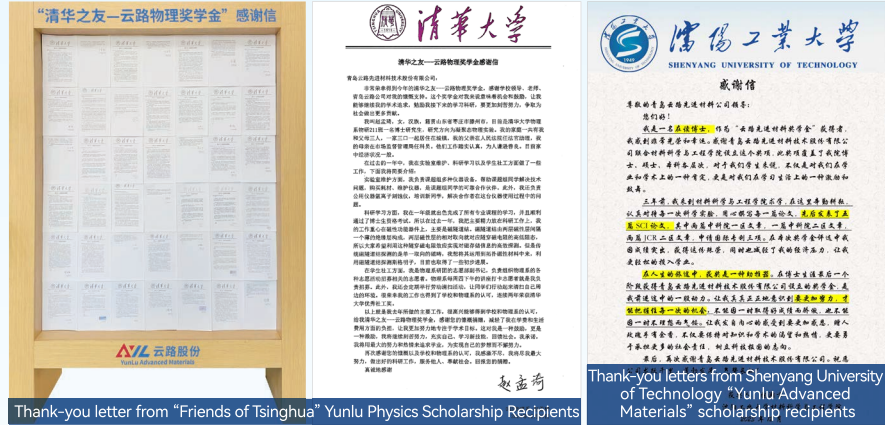
Distributing scholarships to families of Blue Village Middle School recipients

### Twinning Villages to Build the Road to Development



The company is twinned with Guojia house in Lancun Town, Jimo District, and buys local rice and household paper for consumption support and industry promotion.

### Higher Education Talent Development Support Initiative



Thank-you letter from "Friends of Tsinghua" Yunlu Physics Scholarship Recipients

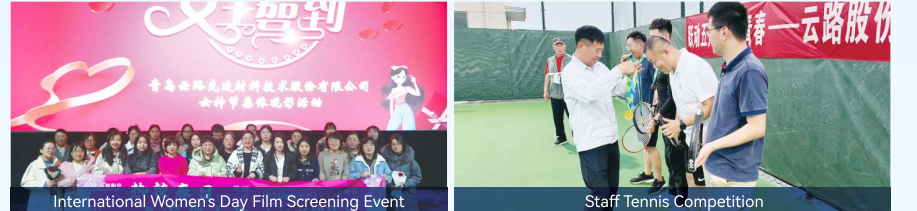


Tsinghua University Yunlu Talent Development Award recipient



Shenyang University of Technology Yunlu Advanced Materials Scholarship Recipients

### Humanistic Yunlu Employees Painting Colorful Chapters Together



International Women's Day Film Screening Event



Staff Tennis Competition



Staff Basketball Match











Staff Arbor Day Activities



Staff Gaming Competition



## 2025 Annual Target Disclosure

| Project  |  | Effectiveness in 2023  | Targets for 2024   | Effectiveness in 2024  | Targets for 2025   | Targets for 2026   |
|--|--|--|--|--|--|--|
|  <b>Protection of the rights and interests of small and medium-sized investors</b>    |  | Three public results presentations were held throughout the year   | Maintained three public results presentations throughout the year  | Three public results presentations were held throughout the year   | Maintained three public results presentations throughout the year  | Maintained three public results presentations throughout the year  |
|  |  <b>Safeguarding the legitimate rights and interests of suppliers</b> | In accordance with business contractual agreements, there are no overdue arrears and wages owed to small and medium-sized enterprises, private enterprises and migrant workers | In accordance with business contractual agreements, there are no overdue arrears and wages owed to small and medium-sized enterprises, private enterprises and migrant workers | In accordance with business contractual agreements, there are no overdue arrears and wages owed to small and medium-sized enterprises, private enterprises and migrant workers | In accordance with business contractual agreements, there are no overdue arrears and wages owed to small and medium-sized enterprises, private enterprises and migrant workers | In accordance with business contractual agreements, there are no overdue arrears and wages owed to small and medium-sized enterprises, private enterprises and migrant workers |
|  |  <b>Increase the proportion of fresh graduates recruited</b>          | 4.5%   | ≥5.0%  | 6.08%  | ≥5.25%   | ≥5.5%  |
|  <b>Employee care</b>   | Employee care expenses   | Net profit * 2.3%  | ≥ Net profit * 2.4%  | Net profit *2.86%  | ≥ Net profit * 2.45%   | ≥ Net profit * 2.5%  |
|  <b>employee safety</b>   | Safety million man-hours injury rate = (number of workplace accidents/total man-hours) x 1,000,000   | 1.8  | 1.2  | 1.14   | 1  | 0.8  |
|  <b>environmental protection</b>  | Hazardous waste emissions from environmental billion dollar output (t/billion dollars)   | 4.9  | 4.4  | 4.3  | 4.2  | 4  |
|  | Cumulative reduction in carbon emissions from green products   | Cumulative emission reduction of about 3.45 million tons of carbon dioxide   | Cumulative carbon dioxide emission reduction ≥ 4.4 million tons  | Cumulative emission reduction of about 4.43 million tons of carbon dioxide   | Cumulative reduction of carbon dioxide ≥ 5.4 million tons  | Cumulative reduction of carbon dioxide ≥ 6.6 million tons  |
|  <b>Percentage of customer satisfaction surveys with an “A” satisfaction rating</b> |  | 90%  | 93%  | 93%  | 94%  | 95%  |
|  <b>Practicing social welfare responsibility</b>                                    |  | Net assets*0.71 per thousand   | ≥ net assets * 0.76 per thousand   | Net assets*0.77 per thousand   | ≥ net assets * 0.78 per thousand   | ≥ net assets * 0.81 per thousand   |